

FISCAL NOTE

Bill #: SB0369

Title: Reorganize OPI and State Board of Education

Primary Sponsor: Story, B

Status: As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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Fiscal Summary

	<u>FY 2004 Difference</u>	<u>FY 2005 Difference</u>
Expenditures:		
General Fund	\$13,969	\$10,219
Revenue:		
General Fund	\$0	\$0
Net Impact on General Fund Balance:	(\$13,969)	(\$10,219)

- | | |
|---|---|
| <input type="checkbox"/> Significant Local Gov. Impact | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached | <input checked="" type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

Office of Public Instruction

- SB 369 transfers almost all of the statutory duties of the State Superintendent of Public Instruction to the Board of Public Education (BPE) or its designees.
- The statutory duties that remain with the elected State Superintendent are:
 - Issuance of Teacher certificates (Section 58)
 - Recommend standards of accreditation to the Board of Public Education (BPE) (Section 85)
 - Recommend policies for the conduct of special education programs to the Board (Section 101)
 - Recommend policies for the conduct of programs to serve gifted and talented children (Section 125)
- The State Superintendent will serve on the Board of Land Commissioners as described in the Montana Constitution.
- The State Superintendent's staff will include the Deputy Superintendent, teacher certification staff, and staff to assist with Land Board duties and policy development. (Total staff 4.0 FTE)
- The administrative rule notice to amend the Administrative Rules of Montana to reflect the transfer of duties from the State Superintendent to the BPE would be approximately 75 pages at a cost of \$3,750.

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6. While duties will transfer from the State Superintendent to the BPE, no existing duties have been eliminated by SB 369. It is assumed that the BPE will need the same level of staffing that currently exists at the Office of Public Instruction in order to fulfill its duties.
7. The Executive Budget for State Level Activities at the Office of Public Instruction is \$4.49 million from the general fund and \$12.43 million from federal and state special revenue in FY2004. For FY2005, the budget is \$4.50 million from the general fund and \$12.52 million from federal and state special revenue.
8. The Office of Public Instruction has allocated \$223,000 for the operation of OPI's teacher certification unit in FY2003. These are the direct costs for 3.5 FTE personal services and operating costs related to the positions. In addition, the unit is supported by OPI's Legal Services unit and programming and network staff.

Board of Public Education

10. The BPE will be the hiring authority (section 40) (section 46) for all the staff to carry out the statutory duties of the OPI and provide program oversight. The Board would need to meet at least monthly basis extending its meetings from a current number of eight to an additional 12 at a cost of \$2,000 per meeting. $12 \times 2,000 = \$24,000$.
11. The BPE would establish a permanent an ongoing interaction with local school district board of trustees including constant written and oral dialogue.
12. The Board would require almost daily interaction between its officers and BPE staff to ensure correct and effective dialogue with all the school districts (equal to a fulltime chair and vice chair who currently serve at no cost).
13. SB 369 adds three members of the public not related to educational groups to the BPE. Current law requires that an honorarium be paid to lay members @ 50.00 per day. ($\$50.00 \times 20 \text{ meetings} \times 3 = \$3,000$).
14. The current BPE Executive Secretary position will be eliminated at a savings of \$65,000 per year, but a new position will be needed to staff the activities of the board. This position is estimated to be a Grade 17 FTE at an annual cost of \$48,219 for salary and benefits.

FISCAL IMPACT

	FY 2004 <u>Difference</u>	FY 2005 <u>Difference</u>
<u>Office of Public Instruction</u>		
<i><u>State Level Activities (06)</u></i>		
FTE	(117.81)	(117.81)
Personal Services	(\$5,525,960)	(\$5,521,360)
Operating Expenses	(10,659,135)	(10,767,504)
Equipment	(8,651)	(8,651)
Local Assistance	(19,301)	(19,301)
TOTAL	(\$16,213,047)	(\$16,316,816)
<u>Funding of Expenditures:</u>		
General Fund (01)	(\$3,779,936)	(\$3,793,680)
State Special Revenue (02)	(193,565)	(194,373)
Federal Revenue (03)	(12,239,546)	(12,328,793)
TOTAL	(\$16,213,047)	(\$16,316,816)

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	<u>FY 2004</u> <u>Difference</u>	<u>FY 2005</u> <u>Difference</u>
<u>Local Education Activities (09)</u>		
<u>Expenditures:</u>		
Operating Expenses	(\$235,010)	(\$235,010)
Local Assistance	(507,489,306)	(513,778,920)
Grants	<u>(111,342,289)</u>	<u>(115,898,205)</u>
TOTAL	(\$619,066,605)	(\$628,812,135)
<u>Funding of Expenditures:</u>		
General Fund (01)	(\$503,066,306)	(\$507,993,920)
State Special Revenue (02)	(4,848,000)	(5,110,000)
Federal Special Revenue (03)	<u>(111,152,299)</u>	<u>(115,708,215)</u>
TOTAL	(\$619,066,605)	(\$628,812,135)

Board of Public Education

State Level Activities

FTE	117.81	117.81
Personal Services	\$5,539,741	\$5,535,141
Operating Expenses	10,631,385	10,743,504
Equipment	8,651	8,651
Local Assistance	<u>19,301</u>	<u>19,301</u>
TOTAL	\$16,199,078	\$16,306,597
<u>Funding of Expenditures:</u>		
General Fund (01)	\$3,765,967	\$3,783,461
State Special Revenue (02)	\$193,565	\$194,373
Federal Revenue (03)	<u>\$12,239,546</u>	<u>12,328,793</u>
TOTAL	\$16,199,078	\$16,306,597

Local Education Activities

<u>Expenditures:</u>		
Operating Expenses	\$235,010	\$235,010
Local Assistance	507,489,306	513,778,920
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<u>Funding of Expenditures:</u>		
General Fund (01)	\$503,066,306	\$507,993,920
State Special Revenue (02)	4,848,000	5,110,000
Federal Special Revenue (03)	111,152,299	115,708,215
TOTAL	\$619,066,605	\$628,812,135

Revenues (OPI and BPE Combined):

General Fund (01)	\$0	\$0
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Net Impact to Fund Balance (Revenue minus Funding of Expenditures) (OPI and BPE Combined):

General Fund (01)	(\$13,969)	(\$10,219)
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LONG-RANGE IMPACTS:

There will be a duplication of services created by splitting duties that are currently housed in one agency and splitting them among two agencies. Fiscal, personnel, and network support services that are currently in one agency will need to be provided for both the State Superintendent and the Board of Public Education.

TECHNICAL NOTES:

SB 369 requires the State Superintendent to issue teaching certificates, but requires that the application fee be paid to the BPE. This arrangement will create problems for tracking whether the required fee has been paid prior to issuing the teaching certificate.